

# Department of State

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FROM: Paris (Via pouch)

TO: Secretary of State

NO: POLTO 484, September 7, 1 p.m.

SENT DEPARTMENT 484, POUCHED LONDON, BONN, ROME UNNUMBERED  
EXCON

Reference: TOPOL 347

1. USDEL appreciates opportunity contribute to formulation policy which may emerge from current Washington study, and offers its view below. Our understanding of reference telegram request is to what extent can US action re China differential be expected influence immediate and long-term attitude of PCs toward present COCOM controls. In following analysis USDEL has interpreted "immediate" as extending through November this year.
2. During immediate future as defined above we expect PC pressures to continue to be directed at China differential rather than basic overhaul of COCOM controls. At same time, however, other PCs are anxious have early indication of US intentions re China differential and revelation of US position can have important bearing on courses of action these PCs will follow. "Do not believe US action re China differential offers much if any bar-gaining power re long-term maintenance or strengthening of COCOM controls. As expressed POLTO A-70, USDEL of opinion China differential will disappear whether US concurs or not. Depending on which of four reference telegram alternatives US adopts, effect on COCOM controls may be more pronounced during intermediate period of say December 1956 to spring 1957 rather than "immediately" or over long-run.
3. Latent and overt desires for revision COCOM lists discernible to date have not reached stage where they can properly be described as strong "pressures." Major overhaul of COCOM controls would appear rest on promulgation new strategic concepts (e.g. thermo-nuclear idea UK tentatively brought to US attention during fall 1955), more widespread acceptance than at present that Soviet policy has changed, or severe economic slump making Soviet bloc market far more attractive than at present. At any time, however, present COCOM lists should not be regarded as immune from down-grading or deletion proposals. We consider UK and France are most

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most likely PCs to take initiative this direction and they are principal PCs with whom US would have to reach prior understanding if such actions are to be confined to modest scale. Note this connection French and UK recently intended approach US for review of both COCOM/CHINCOM lists but temporarily shelved this proposal owing Suez crisis.

4. Since, as indicated above, we consider long-term effects on COCOM controls will be largely unaffected by "immediate" US action re China differential, following evaluation of reference telegram alternatives intended apply to immediate future and period of some additional months after November:

a) Principal immediate effect on COCOM controls of continuation present US policy re China differential will be increasing deterioration COCOM procedures as result spill-over of PC performance in CHINCOM. Further weakening of respect for Document 471 exception requirements, breach of unanimity "rule", avoidance of prior consultation, et cetera, will all contribute to undermining COCOM effectiveness even if lists per se remained untouched. Another possibility if US remains inflexible on differential is that some impatient PC will call for formal action to eliminate differential despite US objection, which would encourage proposals for concurrent relaxation COCOM.

b) Limited US concessions on differential would help to counter other PC impatience over US "inflexibility", and thus forestall a precipitate call for formal action. However, limited concessions would be acceptable to other PCs only as interim measure, with understanding that overall differential problem would be resolved not too distant future. (Also believe unrealistic assume all PCs would refrain from China exceptions for items not on limited list.)

c) US accommodation to "majority views re differential less than elimination" offers even more promise that there would be no imminent agitation for COCOM revision, if such decision agreed to with reasonable promptness even though carried out in stages. Some question whether "majority" would not favor complete elimination, and USDEL not optimistic on retaining many if any items on permanent differential.

d) Since no PC expects that US would agree to immediate elimination of the differential, they would be so surprised and pleased that they might well agree to hold off any action on COCOM controls for a certain period, e.g., six months. We consider this reaction more likely than remote possibility that they would feel they have us "on the ropes" and would press for prompt action on COCOM front as well.

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5. While recognizing Washington is directing primary attention to China differential problem (and properly so), suggest that any overall review of US economic defense policy should also include reassessment of objectives COCOM controls, procedures (some of which now clearly out-moded), and multilateral organizational structure itself.

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